

Antiwar Propaganda: Legacies of War

The following historical essay is from James J. Martin's superb collection of revisionist articles, titled, *The Saga of Hog Island: And Other Essays in Inconvenient History* published by Ralph Myles Publisher, Inc., P.O. Box 1533, Colorado Springs, CO 80901. This story could be told in documentary form to good effect, however, there have been no takers. Ken Burns, for one, was not at all interested since no federal agency would underwrite a venture which not only failed to celebrate the state to any extent, but quite the opposite.

The Saga of Hog Island, 1917-1921: The Story of the First Great War Boondoggle
by James J. Martin

On April 6, 1917 the Congress of the United States declared war on Imperial Germany, in accord with the impassioned entreaties of President Woodrow Wilson. Barely five months after winning re-election, mainly on the slogan "He kept us out of war," the first of the great liberal heroes of the 20th century turgidly proclaimed the necessity of joining the great war now 2 1/2 years under way in the rest of the world, with the promise that further bathing the world in hot lead and blood would make the world safe for democracy and lead to a warless future.

These two goals were never approached, but the war had profound consequences nevertheless, launching a global revolution of many facets which is still going on, and in some aspects the tempo is still increasing. It is mainly irrelevant to note that the makers of this war never contemplated the possible consequences, and abusing them for their myopic preoccupations is too easy.

Without doubt the most significant impact of participation in World War One was upon the domestic scene. The Versailles Treaty, the League of Nations, the Briand-Kellogg Pact and the various other involvements in world affairs in the subsequent two decades aside, it was by far the centralizing and bureaucratizing of the United States in 1917-19 which represents the residuary and long term substance. The most remarkable aspect of this matter was the gathering together of the national economy under six great administrative boards, an experiment in economic totalitarianism which was not lost on the politically perceptive, to be revived in various forms and in other contexts ever since.

The comprehensiveness of this development was its outstanding feature, going beyond normal political partisanship and representing a mobilization of the total community in what amounts to the first essay in national state capitalism or national socialism in the United States.² Though Americans have spoken and written many millions of words in execration of a one party state, wars in the 20th century have made possible the enjoyment of as close an approximation of a one party state as American circumstances have provided, to the great comfort and satisfaction of an immense number of the citizenry.

Under the aegis and inspiration of American wartime collectivism, there has flourished a peculiar form of cooperation between business and the state which ends up in something which is quite unlike what one finds in the peacetime world. ³ Aspects of this have persisted well after the end of wars, and have now become an integral part of the 'normal' order of affairs.⁴

Neither the United States nor the rest of the world got over the prodigious dislocations caused by the First World War. (Britain spent more between 1914-20 than that country spent in the previous 225 years together.)⁵ The world was unable to cope with 'peace' and 'normalcy' between 1919-29, and went into a steady economic decline, culminating in the collapse of 1929, which lasted over a decade. A resumption of war in 1939 set things aright once more. The war of 1939-45 was not followed by peace in the manner of 1919, but by the continuation of prodigious war expenses and concomitant employment, the so-called Cold War among the alleged victors.

The realization that war is an essential part of our world has come slowly to many, but it is being discussed more and more now, without the one time abuse and contempt that one once drew for maintaining this position. The contemporary economic disorder is still little examined in relation to the warming up of the Cold War and the phasing out of the war in Vietnam, the cause of gigantic slackening of enterprise which the re-heating of hostilities in the Middle East has not yet tightened up. A modifying factor is the continuous multi-billion dollar arms business annually with many nations not at war.

The entry of the USA into the First World War on the side of France and England immediately led to immense demands for men and materials to help them fight a successful war against the Germans, especially in view of the impending collapse and withdrawal of Imperial Russia from their side. The men and materials could only reach the front, 4000 miles away, by sea transport, and some serious problems prevailed in that department. The shipyard construction facilities of these "Allies" were stretched to prostration, and the inroads of the German submarine fleet combined with this production crisis had already resulted in a situation where sinkings of the merchant and transport fleet exceeded in tonnage the new shipping which was being launched. The impassioned calls for the construction of "a bridge of ships" whereby the men and supplies of America might arrive on the Western Front in time to save the day for the Anglo-French combine did not go unheeded here, and prompt response was reflected in the creation of the United States Shipping Board, one of the Big Six, to coordinate the efforts of American ship construction enterprise, and provide for it a prodigious financial push out of government tax moneys.

Under this major agency was created the Emergency Fleet Corporation, an action wing of the bureaucracy which was designed to get into the practical aspect of augmenting the tonnage of the Allies with a minimum of delay. The Shipping Board was actually the first of the Big Six, and came into existence well before the USA entered the World War. It was shepherded through by an act of the Congress on September 7, 1916 as an adjunct of the 'preparedness' program (the ancestor of the 1940-41 'defense' program preparatory to involvement in World War II). This act authorized the Shipping Board to engage directly in the shipping business, both in constructing new ships and subsidizing the operation of ships then in private hands.

The second aspect of this came ten days after the declaration of war on April 6, 1917. The Shipping Board then created the Emergency Fleet Corporation, which concentrated on the construction of new ships, both wooden and steel, and expanded existing shipyards under federal government supervision, or authorized the construction of totally new shipbuilding facilities. Hog Island was to be the principal star in its crown. There was little criticism of the deplorable waste and inefficiency of the Shipping Board and Emergency Fleet Corporation in the histories of 2 to 3 decades later. Nationalist historians burred with pride over the contributions to a national merchant marine, disregarding the excessive cost at which such facilities were provided, while old-line socialists such as Professor Shannon⁸ were enthusiastic over the aspect of the government in business and ignored the "private enterprise" rakeoff and the obvious corruption admitted by highly placed witnesses at one or another of the three investigations of 1918-1920. It is an axiom of bureaucrats in all eras that the critical part of any program to be funded out of taxpayers' dollars is the establishment of the actual initial appropriation. Subsequent excessive overruns in costs and the eventual total bill are secondary, since rarely does anyone care ultimately what the total bill came to and the traditional short memory of the great mass of the populace soon loses what grasp it had on what it was all about to begin with. The denouement of the 1917-21 shipbuilding extravaganza fits in with this theoretical analysis perfectly. Hog Island is one of the principal ancestors of a particular kind of endeavor which has featured collaboration between private business and the state in harmony on a project related to martial objectives. The thousands of "costs-

plus" arrangements by agencies of the Federal Government with what appear to be "free enterprise" became commonplace in the American scene, and have evolved into an extremely complicated and sophisticated form of national state capitalism/socialism. These arrangements have become one of the foundation stones of the total economy and their continuity has become an essential to the maintenance of what is known as "prosperity" and "full employment," whether or not there is a war going on. The diminution of these fundamentals of "defense" usually results in local economic disasters as when programs for the building of weapons of one sort or another are abandoned or phased out.

The saga of Hog Island did not have its origins in a dramatic or spectacular event of any kind. It began with an unobtrusive dispatch from Washington on August 31, 1917 to the effect that "contracts for the construction of three great Government-owned ship fabricating plants were awarded today by the Emergency Fleet Corporation to the American International Corporation, the Submarine Boat Corporation, and the Merchants Shipbuilding Company, and orders were issued to exert every effort to rush the work."⁹

The first mentioned firm, the AIC, was identified as the one which would operate at Hog Island, and build "at least" 200 ships: Submarine Boat would be based at Port Newark, N.J. and Merchants Shipbuilding was to be located at Chester, Pa., though it was later referred to as the Bristol yard. The latter was described as "a purely private enterprise" of W. Averell Harriman and the rest of the board of directors of Merchants Shipbuilding.

Few but people living in its vicinity knew what or where Hog Island was for many months, and fewer knew what the American International Corporation was. Perhaps fewer ever found out, despite three major government investigations in the next three years. But by the spring of 1918, a great deal was widely known at least about the former. Hog Island turned out to be a sizable piece of land between Philadelphia and Chester, just south of what was known then as League island, with a frontage along the Delaware River. How much of it became the property of the AIC was variously indicated; one source stated it to be 700 acres, another 846 acres, still another extended this to 946 acres, and a round figure of a thousand acres was used in still other descriptions for two decades or more.

Whatever the extent, Hog Island can be described charitably as a swamp. It was a stretch of soft, muddy land, a few bits of it a few feet above water and with much of the river front footage under water. Some parts were described in the early days when work began there as grassy and bushcovered, though its sodden nature eventually required wooden roads for the many motor vehicles which brought in labor and supplies, laid down board by board. This land was assessed by the State of Pennsylvania at \$ 100 an acre, and the highest price paid for land in adjoining areas was \$500 an acre. More on this subject will be developed later.

As for the American International Corporation, it is unlikely that other than a handful of the readers of the arcane pages of the financial sections of the New York newspapers could have identified it with any precision. It did not supply any known goods or services, and few seemed to know what it did throughout the period when it managed to make the front pages of the big city press of the nation, especially during the time when its Hog Island adventure was under investigation by the United States Senate Commerce Committee, and later by the Department of justice.

However, the AIC boasted of a board of directors which read like a Who's Who of American industry and finance. It had an interlocking relationship with a bewildering variety of subsidiaries and related firms, while its ties with a legion of subcontractors and materials suppliers during the Hog Island shipyard and ship construction days created such a maze that a veritable regiment of auditors never was able to lay out the situation in any clear way to the satisfaction of any students or investigators of this incredible business. Among its directors were Frank A. Vanderlip, President of the National City Bank of New York, Theodore N. Vail, 10 President of American Telephone and Telegraph, Robert Dollar

and T. P. Grace, shipping line magnates, Percy A. Rockefeller, Pierre S. du Pont, J. Ogden Armour, Robert S. Lovett, William E. Corey, Otto H. Kahn, C. A. Coffin, John D. Ryan, W. S. Saunders, G. L. Tripp, A. H. Wiggin, T. A. Stillman, H. F. Herrick, Beekman Winthrop, Edward S. Webster and Charles Augustus Stone. The latter two were the main figures in the prestigious Boston engineering firm of Stone and Webster, the most famous enterprise of its kind in North America. At the beginning it was the best known construction firm associated with the AIC, with figures from both associated in the management of both over the years.¹¹

A long look at the American International Corporation from the time of its inception until it became the driving force behind Hog Island is probably in order. The AIC was front page news in the New York Times when it was formed on November 22, 1915. The impressive collection of bankers, financiers and industrial magnates headed by Frank A. Vanderlip was announced as forming for the purposes of developing "the resources of foreign countries, " not for further investment within the USA. It continued in the front pages another day, while it drew the enthusiastic endorsement of President Wilson's Secretary of Commerce William Cox Redfield, ¹² and its projects were further hailed by Charles M. Schwab, head of Bethlehem Steel and a future head of the Wilson administration's vast shipping expansion program.

Thereafter the AIC drifted to the rear of the newspapers, and its tireless program of absorption of existing companies and its international projects in several countries on three continents drew attention mainly from professional investors. And the latter were hard to suppress once the news of the birth of the AIC began to get around. In less than a week the National City Bank, of which Vanderlip was head, announced that it had received more applications to purchase stock of AIC than it could supply, and Christmas week of 1915, President Stone announced that all shares already had been subscribed.¹³

That it would be heavily involved in shipping from the start was obvious with the purchase of a fleet of Pacific Mail vessels intended to engage in trade with Mexico and South America, the direction of these operations to be in the hands of W. R. Grace. Its only moment of ugliness in this early period occurred shortly after the announcement of its interest in the extensive Mexican and South American shipping business; the AIC was accused by Basil M. Manley in an address before the New York City Labor Forum on January 30, 1916 of "plotting" against President Wilson because of his unwillingness to order an invasion of Mexico. There were few however who saw the AIC as a factor in the expedition into Mexico six weeks later (March 15) led by General John J. Pershing, ostensibly conducted as a punitive junket against Pancho Villa, following the attack on Columbus, New Mexico by elements said to be under Villa's direction. ¹⁴

By that time the multifarious activities of the AIC were distracting attention from the corporation's alleged or real influences on foreign policy. The purchase of the Allied Machinery Corporation on March 5 was followed by the acquisition of controlling stock interest in the International Mercantile Marine Corporation April 24, and then crowned by news that it had acquired a formidable stock interest in the United Fruit Company, on May 5.

But the news in 1916 did not all concern domestic expansion. Its engineering and construction interests began to move as sensationally and as quickly. On April 1 the Times disclosed that the AIC had received a contract from the Government of Uruguay to build a national water and sewer system in that country, and two months later to the day it was revealed that it was negotiating with the Chinese government to provide the latter with a loan as a preliminary to the AIC taking on the job of building the Shantung Canal.

In the meantime the acquisition of significant enterprises at home was continuing, first with the incorporation of a new subsidiary, the Rosin and Turpentine Export Company in Georgia in July, followed two days later (July 9) with the news that the AIC had formed a sprawling subsidiary in New

York City itself, the American International Terminus Company, to coordinate its railroad, steamship, warehouse and industrial terminus in that city. And to add to the delight of the stockholders, on August 23 it announced the reaping of immense profits from the rise in value of their International Mercantile Marine and United Fruit stock. In retrospect, there was little in the way of performance by an international conglomerate of 60 years later which was not familiar to the American International Corporation in 1916. In the opinion of some, the AIC was the model from which the pattern was cut. By now the Chinese Government had applied to the AIC for the loan which was to lead to the latter's engineering firms to begin a large program of canal and railroad building there, along with other "internal improvements." By this time (August, 1916), the streamers of AIC influence were reaching to other distant parts, even though the war obviously put Europe and most of its surrounding regions out of consideration if only because of the disorder and precariousness of trying to work in an extended war zone. But even this did not stop the company from making a well-buried announcement of its sending of a "party" to Russia to study its "trade needs."¹⁵

By now the expansion of the interests of the AIC had spread in all directions, and a world war was having little effect in curtailing the formidable corporation geographically. Its officers denied reports received in US consular dispatches that the AIC had offered to make a loan to the Government of Colombia to assist large scale engineering projects, and at the end of the year there were strong hints that the firm would shortly become involved in "important development enterprises" in Argentina.¹⁶

In the meantime it was announced that it had acquired another company, Carter, Macy & Co., a major tea importer, and early in January, 1917 it was further acknowledged that the AIC had taken action in consort with other organizing and financial companies in cooperation with the U. S. Rubber Co., "to guard the raw rubber supply." In February it became known that the AIC would cooperate with a consortium of Japanese bankers in promoting the reconstruction and improvement of the Grand Canal in China, and it was suggested almost simultaneously that despite the war raging in Eastern Europe that the AIC might get the contract for building a Russian cross-country railroad.¹⁷ Surveyors of the AIC apparently were already in China working on plans for a substantial overhaul of the Chinese railway system, but in July, 1917 the company admitted that they had been interrupted by unnamed "political disturbances" there and had been recalled, with the AIC spokesman "promising" to return to build the system when China's "political troubles" were over.

There was no political upheaval in Latin America, however, and the AIC continued its expansion there. It joined with Armour, Sulzberger and Sons Company, and other meat packers in forming the International Products Company, to invest in the South American meat business, and almost at the same time purchased the properties of the New York and Paraguay Quebracho Company, a firm apparently specializing in tropical hardwoods and their numerous by-products.

This in brief is the record of the American International Corporation from its founding to a few days after the United States entered the World War, an event which was to result in a considerable re-direction of their efforts, of which the Hog Island adventure is the main concern here.¹⁸

In testimony before the Senate Commerce Committee in February, 1918 Charles M. Piez, General Manager of the Emergency Fleet Corporation, stated that the AIC was still affiliated with or financially interested in a large number of other concerns besides Stone & Webster, among them the Allied Machinery Company, the Latin American New York Shipbuilding Company, United Fruit Company, the Pacific Mail Steamship Company and the W. A. Grace Company.¹⁹ But the two most important at the moment of gaining the Hog Island contract were two wholly owned subsidiaries, the American International Terminal Corporation, which promptly went about buying the land on which the shipyard was to be built, and the hastily created American International Steel Corporation, described in the New York Times of September 7, 1917 as having "just been formed to build up the export trade

in American steel and steel products" and acting as a "selling agency" for "American manufacturers of steel and steel products."²⁰

It would appear that their main customer was a third wholly owned subsidiary, the American International Shipbuilding Corporation, the actual operating company responsible for the physical construction of the Hog Island shipyard and the fabricated steel ships to be made in that shipyard. Every steel fabricating plant in America, 88 of them in all, from Montreal to Kansas City, funneled steel plate into Hog Island and machinery and gear from hundreds of manufacturing plants all over the country poured into the "mammoth assembly plant" (as Fortune magazine described it two decades later)²¹ built on the glorified bog six miles southeast of the Philadelphia City Hall, its surface raised ultimately by fill dredged from the Delaware River (dredges worked the bottom of the Delaware almost without a moment's interruption for years).

The land on which the shipyard was built was actually the only part of the entire operation owned by the AIC. As subsequently revealed, the circumstances under which the transfer of ownership took place were somewhat opaque, and somewhat questionable in the view of many critics. There were two main sellers involved: one was Charles N. Black of Philadelphia, described by John Kenneth Turner in his book *Shall It Be Again*²² as a "rich gentleman" upon whom President Woodrow Wilson had conferred an honorary lieutenant colonelcy. How many acres he sold was never clearly stated, though he later testified before the Senate investigating committee as a witness in defense of the AIC, and asserting that his sale of the land had been represented to him as his 'duty.' The other principal landholder of this heretofore inaccessible swamp was Francis H. Bohlen, an instructor of law at the University of Pennsylvania, who sold 400 acres. The land was sold to the AIC in June, 1917, well before the awarding of the Hog Island contract, which suggested that the transaction was in the government-business negotiation machinery well before public awareness or actual consummation. Bohlen also testified in February, 1918 that he was asked to pay a "fee" of \$100 an acre to the AIC, which in contemporary argot would have been rather plainly a "kickback," as a condition of sale. Bohlen said that he refused to pay it, despite which the land sale to the AIC eventually went through, at \$2000 an acre.²³ It is presumed that Black received a similar price. So—a stretch of soggy bogland assessed at \$100 an acre changed hands at a price twenty times its assessed value. The land situation developed an additional feature. According to the terms of the contract signed with the parent of this wondrous family of subsidiaries, the American International Corporation, the Wilson administration's Emergency Fleet Corporation rented this land for a fee of \$102,360 a year, and then bought every penny of what went in to the shipyard and ships alike for the next four years; the AIC never spent a cent of its own money beyond the initial outlay for the purchase of the building site. Other terms of the contract will be examined subsequently as they become pertinent.

There appeared to be some confusion in the minds of the stockholders of the AIC after the announcement of the signing of the contract with the Emergency Fleet Corporation. Some thought apparently that they were going to be the beneficiaries of a wondrous bonanza in the form of a gigantic shipyard, all paid for by Shipping Board funds out of the public larder. The AIC management undertook to advance their education later by explaining that this was not so; that they were going to build and operate the shipyard and construct the ships, but that title to this would remain in government hands; only the land upon which the facilities were to be built would be the property of the AIC. This was done at the time the management sent out a request to the stockholders for their signature to a form of consent to the execution of a mortgage on the land upon which the Hog Island yard was to be built. The mortgage was to be tendered as security for the money being advanced by the EFC covering the cost of the construction of the yard and the ships. At this time it was announced that the AIC would

obtain only a fee for the shipyard and the ship construction, "which is arranged on a sliding scale, with bonuses for quick delivery, the contract being of the 'cost-plus' variety." ²⁴

"Cost Plus" was very much in the air at that moment. There was barely a breath of criticism of this procedure in those highly charged days of manic patriotism and Germanophobic popular sentiment, with the US in the World War barely five months and its soldiers encountering the enemy on the Western Front in France for the first time at Cantigny. The day the EFC announced the actual letting the contracts for the building of Hog Island and "fifty fabricated steel merchant vessels, the main contractors of the vast army staging area of Camp Devens at Ayer, Mass., the Fred T. Ley Company, bought a half page of advertising in the New York Times ²⁵ congratulating themselves on having finished the work by scheduled deadline, "Demonstrating the Wisdom of Awarding this Construction Cost Plus Percentage Basis." Since Camp Devens represented a contract of just \$6,000,000 and mainly involved lumber and light materials, it was a far cry from the much larger scope of such as the shipbuilding and aircraft construction contracts, which ultimately went into the billions of dollars, and involved extremely heavy, expensive and sophisticated components.

What was to be built at this forbidding location below the confluence of the Schuylkill and Delaware Rivers? First of all, a shipyard, the estimated cost of which in the earliest accounts was to be between \$19 1/2 and \$20 million. Then there were to be fifty fabricated steel cargo vessels produced there, at a cost of about a million dollars each. Various weights were advanced for these ships, from 5000 to 8000 tons. Later clarification indicated that there were to be two classes of vessels produced, "B" type 8000 tonners, which were to be troop transports, and "A" type freighters or cargo vessels, of 7500 tons each. There was no original statement as to the number of each which were to be built. The tonnage of the cargo ships was ultimately increased to 7800 tons, and its specifications did not become public knowledge for almost two years.

The freighter which was to be known as the Hog Islander, a familiar sight on the oceans of the world in the interwar decades, was to be an oil, not a coal burner, supplied with geared turbines turning out 2500 shaft horsepower each, and capable of proceeding at 11 1/2 knots an hour. It was a ship which was designed with an absolute minimum of frills and gingerbread, resulting in a "homely, squat, angular silhouette that proclaims the Hog Islander to any seafaring man the moment she heaves into view." But, as this commentator on the American merchant marine in 1937 ²⁶ further elaborated, "another result was a ruggedness, handiness and no-nonsense efficiency which, even after nineteen years, arouses in the operator a gruff fondness for the Hog Islander." It would appear that from the construction point of view, the original idea behind the Hog Island ship was adhered to quite faithfully. It was the cost of the place where they were built, and the cost per ton of ship construction, which were to change, frequently and spectacularly upward.

The signing of the contracts between the Emergency Fleet Corporation and the firms involved in the Hog Island, Bristol and Newark shipyards was obviously not a short term operation for the achievement of a local expansion of shipping capacity. The Shipping Board indicated at the time of the awarding of the contracts that they expected these companies, the Submarine Boat Corporation (Newark) and the Merchants Shipbuilding Company (Bristol) to produce ultimately over one and a half million tons of shipping, already staked out "on preliminary orders." Involved elsewhere by mid-1918 were 132 other shipbuilding facilities, on the Gulf and West Coasts as well as the Atlantic, which directly faced the war front of Europe. Merchants, the Averell Harriman enterprise, was expected to put together forty or more ships in this first round, while Submarine Boat's quota was not indicated, though it was announced that their Newark facility would have the capacity to produce 28 ships at one time. Hog Island, however, was to put all others in their shadow: their shipyard upon completion would have 50 ways, making possible the construction of that many ships simultaneously.

It is plain from the nature and terms of the contract between the Emergency Fleet Corporation and the American International Corporation that the former expected at least two things: 1) that the AIC would furnish the EPC at least 50 completed ships by sometime in December, 1918, and that 2) the World War would last no less than that time, and probably longer. The circumstances surrounding the letting of this contract, as well as those to the Bristol and Newark yards, were especially mysterious as to how they were done. There was no evidence of competitive bidding by firms offering to do the work for a smaller percentage than what AIC was to get, or that any competition took place at all. Since the AIC promptly created at least two subsidiaries to do the actual work, and thenceforth worked through a maze of sub-contractors as well, there is no evidence that they brought to the proceedings any evidence of competence in shipbuilding in the past, but worked from a providential situation, and 'played it by ear.' Indirectly, however, the decoration of the board of directors of the AIC by shipping and shipbuilding company magnates and the nature of the companies with which they were interlocked suggested a potential pool of expertise.

All appeared to be sweetness and light in September, 1917 at the moment of the release of the news of the latest move in the contemplated marked expansion of the wartime merchant fleet. The Shipping Board was especially euphoric, expanding on their vision of a vast fleet of ships all of which would be capable of outstripping the pressures of pursuing German submarines. And from the office of Rear Admiral Washington L. Capps, General Manager of the Emergency Fleet Corporation, came the cheerful news that "estimates of the funds to make possible this extensive program have been submitted to Congress, and it is expected that there will be little delay in that quarter." At this moment congratulations were being extended to the Congress for having lopped off \$10 million from the River and Harbor bill, the traditional "pork barrel" appropriations measure which funneled federal funds to local districts under the guise of bringing about improvements in navigation.²⁷ But in view of the Hog Island, Bristol and Newark contracts on the Delaware, and many scores of others along the entire American seacoast, the "pork" was still being delivered, though concealed within "war effort" enterprises. In addition, a bad slump had hit the stocks of the "war baby" industries early in September, this term having already been applied to the big steel, railroad and locomotive companies which experienced a boom as a result of converting a goodly part of their operations to tanks, heavy guns and steel plate.²⁸ It was undoubtedly a substantial boost in their fortunes to learn that the market for fabricated steel for the hulls of the vast armada of merchant ships authorized by the Shipping Board was to zoom upward and presumably to continue indefinitely.

Work at Hog Island began under a maximum of national secrecy, occasioned by the hush-hush atmosphere of wartime. The continuous rumors of German espionage percolated through the land, further encouraging silence concerning projects directly connected to the ultimate prosecution of the war such as this. But it has been a rare government project which developed such a volume of gossip in such a short time as did Hog Island. Allegations of massive graft and corruption and what was described as "profiteering" became common long before the forest of scaffolding flanking the fifty ways along the two mile front of the Delaware River had become a familiar sight, at least to the local population. Whispers that Hog Island was an "organized riot," a "tangled mass," and a "state of chaos" accompanied the large flurry of suspicions that a fortune was being made under the table by the operating companies and their subsidiaries, even though the American International Corporation had announced only a modest quarterly dividend on November 22, 1917.²⁹

It was not long before the congressional bird dogs were sniffing at the premises and trying to sort out some semblance of credibility. The Senate Commerce Committee began the intense season of investigation of Hog Island the first week of January, 1918. On the 3rd they heard Theodore E. Ferris, chief constructor for the Shipping Board, declare that it was "almost impossible" for the American

International Corporation to deliver the promised ships on time, beginning that coming September. Ferris thought the AIC would be doing well if it delivered any ships "at all" in 1918, which turned out to be a chilling but completely accurate prediction. The fur did not fly in profusion until the Committee launched the public inquiry the following month, however.

Things were approaching a formidable degree of involvement for the Shipping Board. On the eve of the major stage of the Senate probe of Hog Island, the Shipping Board announced that it had 132 American shipyards working for it, and had already spent \$200 million on shipyard and ship construction. The expansion had taken place so suddenly that Piez, the General Manager of the Emergency Fleet Corporation, had complained of great difficulty in getting necessary shipyard help, and had appealed to the state governors to help in a campaign to enroll 250,000 skilled workers, in collaboration with the Council of National Defense. They were to be called "U.S. Shipyard Volunteers," and were to be exempt from military service.³⁰

The labor shortage did not seem to be so critical in the upper echelons, but there was some concern about their recruitment and pay. Figures submitted to the Commerce Committee indicated that Hog Island officials who had transferred to Government employ from the AIC "received considerably larger salaries now" than they did before entering the employ of the American International Shipbuilding Company, which was running the Hog Island plant. A minimum of critical feedback concerning the other shipbuilders for the Shipping Board surfaced at this time, including testimony that the Harriman company building ships at the Bristol yards was constructing facilities for fabricating vessels with a 20 foot draught, to be launched in the Delaware at a point where the river was only 12 feet deep. ³¹

But by far the largest volume of criticism concerned Hog Island, leading to a major shakeup in management and the appointment of Rear Admiral Francis T. Bowles as Managing Director of the EFC with full responsibility for overseeing the work at Hog Island. It did not take long for Admiral Bowles to get into the spirit. He and George J. Baldwin, Chairman of the Board of the AISC, made addresses before the Philadelphia Chamber of Commerce on February 7, 1918, a week after taking charge, in which they defended vigorously the work being done at Hog Island. Bowles predicted an eventual "constant" work force of 100,000. This was a cheering item for the Philadelphia hearers, since the great majority of Hog Island workers came from there as daily commuters. As additional fuel for their local patriotism he announced that "things were shaping to make Philadelphia the greatest shipbuilding center in the world." As for the mundane work at hand, he expressed "every faith" that the ships being built for the Emergency Fleet Corporation would be "finished on schedule time."³²

The estimated cost of the shipyard at Hog Island had climbed to \$21 million in the early fall of 1917, and jumped to \$27 million in November. Now, on the eve of the sensation of the Senate Commerce Committee hearings and with Admiral Bowles just appointed as expediter and general troubleshooter, the estimate had climbed to \$44 million. And not a single keel had yet been laid.

The day after the brave speeches by Bowles and Baldwin in Philadelphia the dam partially gave way in Washington, with the revelations before the SCC. Commander Paul Reed, an important Emergency Fleet Corporation inspector, told the electrified members that the EFC had no contract with the company actually building the Hog Island yard, which was a subsidiary of the American International Corporation, as has been seen. Reed also testified that the government had made no cost estimate of its own but had relied on AISC estimates. He further pointed out that the AIC received no fee for building the ship building facilities, but that most of the work was sub-contracted by its operational subsidiary, the EFC paying these companies 5% over costs. Reed explained that several efforts had been made between the EFC and AIC to arrive at a contract but that none existed at that moment. Senator Knute Nelson of Minnesota asked Reed what was being done to relieve the pressure caused by all the extra help on the scene, workers "so thick that they interfered with one another," in the Senator's words. Reed

admitted this was true and deplored all the extra costs which the government was paying as a consequence, but thought that stockpiling all the surplus help was "felt necessary" by the AISC, while pointing out that when the contracts were announced the previous August that they had proceeded under the understanding that "at all stages cost was the secondary consideration." ³³ Senator Hiram Johnson of California, as tart a critic as Senator Nelson, was unusually interested in the sub-contracting, especially to the companies interlocked with the AIC. One of these, for putting the piling in the swampy and submerged river front acreage, had been awarded to Holbrook, Cabot and Rollins for \$1,500,000. Holbrook was an AIC director. Johnson was so surprised to hear that there was no independent government estimate of Hog Island construction costs that he had Reed repeat his testimony for the record. Nelson concluded with the remark that Hog Island was "quite appropriately named." With the estimated cost of building this shipyard now more than doubled, and with increasing evidence of gross malfeasance of one sort or another, Chairman Edward N. Hurley of the Emergency Fleet Corporation, now head of the Shipping Board, was now caught in the crossfire, and he testified in executive session before the Committee on what was being done for more careful regulation of the work, explaining that the sending of Admiral Bowles to take charge had been the first step in this reform. Hurley, former Chairman of the Federal Trade Commission, had been in his job since July, 1917.

Still more bleak news grew out of the next day's revelations. John W. Towle, an Omaha civil engineer, testified that the EFC's failure to supervise Hog Island had cost the Government "many millions of dollars," while asserting that the AIC had "mismanaged" the work. Towle criticized the paying of \$2000 an acre for the land by the AIC, which he thought was at least double its estimated value, and also revealed that the EFC had paid from \$15 to \$18 more per thousand feet of lumber for Hog Island than the prevailing wholesale prices. Not only was it a surprise to learn that at a moment when the shipyards were desperately in need of labor, Hog Island had as many as five men on hand for every job, but much essential work was not being done. Towle testified that there were thousands of freight cars full of materials for Hog Island which were backed up as far as Harrisburg in one direction and well into the South in another. Towle also revealed that Stone & Webster had made a \$333,000 profit on one sub-contract, ³⁴ and that Holbrook's firm had charged the EFC rent on the tools they used in their piling installation contract, amounting to \$200,000. Nothing was said about the New York Shipbuilding Corporation, which had been described as "jointly interested" along with Stone & Webster in the original contract proceedings between the AIC and the EFC. It was Senator Johnson's view after listening to two days of these disclosures that there had been "reckless prodigality in the handling of public funds in the building of the Hog Island yards."

To further complicate matters, a bill came up before the House of Representatives to appropriate an additional \$50 million for the Emergency Fleet Corporation for the building of additional housing facilities for shipyard workers at various locations. Rep. Joshua W. Alexander, Chairman of the Merchant Marine and Fisheries Committee, was in charge of husbanding the bill through, and inherited a volatile job, in view of what was being revealed in the Senate. Alexander admitted everything put on the record about Hog Island thus far was true, including the profiteering charges. In extenuation of the American International Corporation, however, Alexander extolled it as "composed of some of the most distinguished men in the country, great financiers, representatives of every branch of industry," while hailing Stone & Webster as "one of the greatest contracting firms in the country," but concluding that the AIC should return to the Government all "money unlawfully obtained." ³⁵

Far less charitable toward these prestigious combines was Representative Irvine Luther Lenroot of Wisconsin, a leader of those attacking the bill. Offended by the revelation that the AIC stood to make a profit of \$6 million on the building of the Hog Island ships without investing a penny or actually doing

any work on the ships at all (AIC's profit was estimated much higher, from \$9-\$14 million in the Department of Justice report, of which more later), Lenroot expostulated,

This American International Corporation is to receive \$6 million for what? For furnishing as they say, the 'know how.' In the testimony the only 'know how' that they have furnished the Government is knowing how to loot the Treasury, and they have been exceedingly successful in that.

Adding fuel to the blaze that Rep. Lenroot was building under the AIC was the testimony four days later of EFC General Manager Piez, dealing with additional facts and figures on the AIC's financial interests and affiliations, which Hiram Johnson had requested be submitted to the Senate Commerce Committee. Piez's statement showed that one half of the stock of the AIC had been set aside on creation of the company for sale to stockholders and employees of the National City Bank of New York City, and that President Frank A. Vanderlip of the NCB was one of the organizers and directors of the AIC. In addition, Piez pointed out that Stone, partner in Stone & Webster, was president of the AIC, and that E. S. Webster, the other partner, was a director of the AIC. Furthermore, four other AIC directors, Otto H. Kahn, Percy A. Rockefeller, Theodore N. Vail and William Woodward, were also members of the National City Bank's executive committee.

By this time the Hog Island drama had graduated to the front pages of the nation's largest newspapers. On February 13, 1918, a New York Times front page dispatch from Washington included the announcement by Baldwin of the AISC that the first keel had been laid at Hog Island the previous day, while blaming the EFC for the delay in contract signing and pointing out in defense of his firm that Hog Island was a formidable undertaking, bigger than any other five shipyards combined. Admiral Bowles was also heard from again a couple of times, predicting that the assembly section of Hog Island would be completed by May 17, 1918, while asserting that upon being sent with "plenary powers" by the Shipping Board to supervise Hog Island, he had "saved millions of dollars" in his first week of reforms, once more asseverating, "I firmly believe that Hog Island will have its ships in the water as provided in the contract."³⁶

The Times devoted one of its two main editorials to Hog Island on February 13, mixing patriotic faith in the necessity for the massive shipbuilding program with some serious reservations as to what was happening at the installation on the outskirts of Philadelphia. Shipping Board Chairman Hurley in new testimony revealed that the sum of \$23,313,362.68 had already been spent on Hog Island, \$19,029,972.42 on the shipyard, and the remainder on ships and materials for building ships, with 12 of the 50 ways now completed. This vast sum spent on ships, with only one keel laid, further mystified those trying to make the whole matter add up correctly. Hiram Johnson had a stark evaluation of it all at that moment: "Hog Island is the most reckless waste of public funds which has ever come to my attention,"³⁷ announced the Senator from California.

His estimate was being written at just about the same moment that President Woodrow Wilson was writing a letter to Attorney General Thomas W. Gregory, ordering him to make a "searching investigation of Hog Island," under the auspices of the Department of Justice, "With a view to instituting criminal process in case the facts justify it." Wilson's letter to Gregory was dated February 13, 1918 and a copy of it was promptly released to the press. In the New York Times it occupied a front page box under a three column three banner headline. Hog Island was now in the big leagues, and more big league talent would soon be telling the country what they knew or what they wanted the country to know.³⁸

On February 19, Attorney General Gregory announced in Washington that the Hog Island investigation ordered by the President would "begin at once." However Gregory took no part in it, and

assigned the job to an assistant, George Carroll Todd, and a special assistant of the office, Mark Hyman, who had had some anti-trust litigation experience working in the Department of Justice. So, despite the flamboyant publicity attached to the announcement, it did not appear that the Administration was very excited over the prospect. Nor did it appear that Mr. Wilson would devote much money or manpower to it. Though it was alleged that testimony before the Senate Commerce Committee led to Wilson ordering the probe, the last thing he wanted was anything profound or thorough. In view of what transpired, it had all the earmarks of a whitewash, with a major objective not of embarrassing the American International Corporation and its jungle of corporate financial and industrial relations, but of sidetracking the Senate and devaluating the substance of their disclosures.

But there was no evidence that the Senate was about to curl up and blow away, whatever the President undertook to do about it. The day his Department of Justice probe was front-paged across the nation, the Senate Commerce Committee announced that a subcommittee of its body would make a personal descent upon Hog island on Monday, February 18. Senator James K. Vardaman of Mississippi, a serious critic in the Nelson and Johnson class, announced that if the SCC subcommittee did not go, he would go as a solo visitor.

The Times beat everyone to it by sending a reporter to the scene prior to this, his three column story on Hog Island being published in the Sunday, February 17 issue. The report gave every evidence that he had been in the hands of expert public relations guides and press agents, now that the secrecy curtain over the operations had been lifted. (According to Turner, press agents' salaries and all other publicity costs paid by the AIC were charged off as part of the Hog Island expenses, and added to the total bill picked up by the EFC for the Shipping Board, one press agent being paid \$20,000 a year.)³⁹ However, in the course of repeating in print statistical and other material supplied him, the Times observer did make some signal observations. There were already 20,000 employed at Hog Island, many coming in on trains daily from Philadelphia. But many barracks for workers' residence on the scene were already erected, and with many more projected, now that the EFC appropriations bill for that purpose had passed. Two large hospitals for the care of the employees were in operation, many administration and other buildings were already existing, and a vast program of immense social welfare activity in behalf of the labor force was described in some detail. Fifty miles of railroad track had already been laid, much of it up and down the sides of the fifty ways, and a water and sewer system equal to that of the city of Minneapolis at that time was also functioning. But, concluded the Times reporter, "Through all this is no sign of shipbuilding. There is no sound of steel work or hammer or rivets," adding as a further deprecatory tag, "The keel that has been laid doesn't look like much." And the dredges were still at work in their ceaseless scooping of the bottom of the Delaware River.

The principal fruit of the sensational news that Woodrow Wilson himself had ordered a Department of Justice investigation of Hog Island was the release to the press by President Charles A. Stone of the AIC of a long letter he had written to Attorney General Gregory, "inviting" an investigation, while offering to submit all the company records. Stone denied that there had been any extravagance and reckless waste of EFC funds in building the shipyard, and that the AISC was "up to schedule in the building of ships," which must have meant that as of February, 1918 no ships at all were expected to be built. One revelation in his letter to Gregory contradicted what had been understood to that moment: Stone asserted that the compensation of the AIC and its subsidiaries was "a definite amount fixed in advance, not a percentage based on variable cost." This amounted to 3 1/2 per cent "of a fixed estimate of the cost of the 120 vessels which the corporation was, to build." This figure represented 70 more ships than the AIC was supposed to be building, which indicated that much had transpired since August, 1917 that had been kept from general knowledge, even though the original publicity had spoken of 200 ships to be built at Hog Island.

Stone's letter to Gregory did not contain an estimated cost on this new total of ships, but assistants in his office informed reporters that "the gross profit was in the neighborhood of \$6,000,000." This was what had been indicated by Rep. Lenroot in his critique of the entire arrangement. This figure was arrived at by an estimate of \$167,000,000 for the 120 ships now contracted to be built for the EFC, 50 cargo vessels of 7500 tons each and 70 transports of 8000 tons each, a total of 835,000 tons of shipping.

Stone went on to say that arrangements had begun in May, 1917, a few weeks after the declaration of war, between the AIC and the Shipping Board, with the latter having "requested" them to "undertake the construction of an enormous shipyard" and to build therein 200 prefabricated steel ships. "Tentative plans were prepared and tentative estimates made of cost," but the entire summer of 1917 had passed before a contract between the two had been signed. Said Stone:

The essence of the contract was that the Government employed the corporation to build the yards and 120 ships, itself paying the cost of doing so, and ultimately giving the corporation a fixed fee per vessel,

the fee to be divided by the corporation "with its associate expert firms and organizations in shipbuilding and engineering."

Stone stressed that in the preliminary conversations with the Shipping Board, "the emphasis was always on the matter of time"; "it was a case of building ships which were vitally needed in a country at war, and speed was the all important requisite." Since "The great thing necessary was to get the ships into the water as rapidly as possible, and this was the thing always before our minds," it obviously meant "a higher scale of costs" across the board. As for the reason for there being only a single keel laid in this immense yard, Stone blamed it on the unusually rigorous winter, admittedly a grievous burden to men who had to work frequently in freezing weather while in water to their waists, and "railroad congestion."

Stone also defended the high price paid for swamp land by maintaining \$2000 an acre compared "very favorably to the price of other lands in the same location," which contradicted all previous testimony on land values and prices paid in that area of the Delaware River waterfront. He made an additional point to declare that the AIC had made no profit in the land transaction, and that the purchases had been made from the owners directly, and claimed that the latter had owned it previously to that for 100 years. Stone closed his statement to Attorney General Gregory by asserting that the AIC was not cut in on the 5% over costs being paid to subcontractors actually building the Hog Island yard. He did not mention the rent being paid by the EFC for the land on which it was being built. 40

One interesting item came out of this lengthy dispatch: the news that the Shipping Board had planned to issue a contract to the American International Corporation for the building of Hog Island long before it was actually done, and that no competitive bids were involved and no other firms considered at any time during the preliminaries. This eliminated some of the mystery about the entire proceedings which had puzzled some observers from the start. What remained a puzzler was how a contract to build 50 ships as originally announced had ballooned to 120 ships without interim supplementary announcement to that effect.

As if two investigations were not enough, the Emergency Fleet Corporation undertook its own, of the flying squad variety, a descent upon the Hog Island premises by manager Piez, actually his third official visit. His report on February 17, after commending trouble shooter Admiral Bowles for slashing payrolls "right and left," reducing the labor force, revising contracts and changing plans to speed up production, stated that the EFC were "unable to detect graft" at Hog Island. In view of the tangled mess the books were in and the wilderness of unorganized records which still existed at the time of the Shipping Board investigation over two and a half years later, one might have been led to wonder how Piez could

possibly have known anything about it. But his report was an accurate forecast of that of the Justice Department seven months later.

As if things were not sufficiently hectic enough for the Shipping Board, in addition to the Hog Island headache the third week of February, 1918 was the threat of a nationwide shipyard workers' strike, demanding wage adjustments upward. The leadership of this soon aborted revolt was spearheaded by William L. Hutcheson, leader of the United Brotherhood of Carpenters and Joiners of America. (Pacific Coast workers were making more money than those on the Atlantic.) All manner of patriotic pressure was applied to Hutcheson to call it off. Secretary of the Navy Josephus Daniels implored the shipyards to get about the construction of "ships, ships and more ships!" "General Pershing calls for a bridge of ships across the Atlantic, and that is what we are bending every effort to furnish him." Senator Duncan U. Fletcher of Florida called for the Government commandeering the shipyards and placing their labor force on federal payrolls at fixed wages with no strikes to be permitted. In the meantime other pressures were applied, diverting attention from the issues. The Executive Committee of the American Federation of Labor issued a scolding to the would-be strikers, declaring, "This is Labor's war," a bit of rhetoric soundly commended by the editors of the New York Times (despite the heavy socialist and IWW sentiment to the contrary), and an eventual rebuke from President Wilson himself led to the calling off of this threatened massive work stoppage.⁴¹

Meanwhile, Hog Island prepared for two gala festive occasions: the first visit of the members of the Senate Commerce Committee, which coming caused more wincing among the management than the prospect of the critical inspection of the proceedings by the New York and Philadelphia reporters. The AIC "threw open" Hog Island to the latter on February 22, an incidental to a flag-raising in honor of Washington's Birthday. When questioned as to why the place had been kept in such airtight secrecy, officials said that the policy had been set by the Shipping Board, and as a consequence had kept "every item of information regarding Hog island from the public." The day's exposure was an utter masterpiece of public relations expertness. In modern argot, it might be said that the reportorial contingent were "snowed" virtually to a man. The emphasis was on the magnitude of the physical plant and the problems involved in building "the largest shipyard the world had ever seen." There was no doubt that it was a formidable construction project, with a weekly payroll of \$750,000 and a labor turnover the previous month of 700%. The estimated cost of the yard and its projected 120 ships had now grown to \$200,500,000.

An interesting sidelight of this gigantic press conference was the revelation by company officials that the Hog Island landowners, previously cast as sterling patriots, had jacked up the price to \$3000 an acre upon learning of the AIC's interest in buying, but that they had been negotiated down to the \$2000 price by the Shipping Board prior the purchase by the AIC. Two days later the Times concurred editorially that Hog island was a sensational undertaking and achievement. And with Dwight P. Robinson, President of AISC, predicting ships before the end of 1918, things looked better for those involved at Hog Island than for many months.⁴²

Now there remained the task of taking a deep breath and weathering the visit of the burly and tenacious Senators from the Commerce Committee, now in brief recess. On February 25 the contingent left Washington by train, spent the afternoon at Hog Island and returned at 5:15 p.m. The members "ate the regular 30 cent meal" for lunch at the yard, a veritable banquet by modern standards, and managed to come home with their previous views almost unchanged. Senators Warren Harding of Ohio and Joseph E. Ransdell of Louisiana were favorably impressed, but Vardaman "retained his belief that the American International Corporation and the firm of Stone & Webster were interested in Hog Island only to see how much money they could make from it." Senator Reed of Missouri was closer to Vardaman, while Hiram Johnson and Knute Nelson, the most critical of all, did not come. Also in this entourage was

Senator Bert E. Fernald of Maine and general manager Piez of the EFC. It seemed to be the general senatorial sentiment nevertheless that the situation would improve with tightened management and control.⁴³

Though peripheral to the Hog Island story, it should be understood that the wartime shipbuilders were not the only ones under investigation in the early months of 1918. The entire military aircraft industry was under scrutiny. On September 2, 1917 the Times had burred in stentorian accents to the effect that the first contingent of an expected 150,000 American fliers had already arrived on the Western Front and were already engaging German aviators in combat. These American pilots were alleged to have been trained, equipped and "supplied with aircraft of American manufacture," all in three months' time. This of course was purely and simply perfumed eyewash. Nothing of the sort had taken place, nor was it ever to take place.

That all was far from well in the airplane making department was not alluded to until the third week of March, 1918 when it was so revealed by Gutzon Borglum, the world famous sculptor. He was to become even more renowned subsequently as the designer of the Mount Rushmore Memorial in South Dakota, probably the most imposing work of its kind of all time. Besides being a household name among American artists, Borglum was a long time member of the Aero Club of America, and had kept in touch with advances in aeronautics for many years. It was on the strength of this expertise that he had been supplying President Wilson with "exhaustive reports" since January, with the President's full backing. On March 18, 1918 Borglum precipitated an electrifying sensation by announcing, "There are no American military airplanes in France"; "Our fliers are using French planes, and they are mostly training planes at that." Borglum maintained that as of the first of April, 5000 planes should have been built here for military service, and that the industry was capable of producing 50,000 a year.⁴⁴

A preview of what was to happen to the Justice Department probe of Hog Island can be seen in the treatment of Borglum. Though Wilson's special investigator, we find Wilson abruptly terminating Borglum's involvement in what amounted to repudiation in April. This did not deter Borglum from concluding his study of the causes of the failure in aircraft production with a lengthy statement to the Times on Sunday, April 28, 1918 in which after nine investigations of "aeronautic conditions," he called for criminal investigation of the acts of the Chief Signal Officer, General Squier, the members of the Aircraft Board and "a ring of aircraft contractors" who had "absorbed" "nearly a billion dollars without the delivery of a serviceable plane." Borglum denounced the letting of "colossal contracts" which had been "corralled" by a few "who were utterly incapable" of fulfilling them. It need not be wondered at that Wilson never published Borglum's special report denouncing "general and colossal profiteering" and "criminal neglect and indifference" on the part of the military aircraft makers and their governmental associations.

On March 1, 1918 the Senate Commerce Committee resumed its inquiry into the situation at Hog Island, and the members quizzed some of the top brass for the first time. Four officers testified in defense of the operations: Harris D. H. Connick, builder of the Panama Pacific Exposition and a vice president of the American International Corporation; Webster of Stone & Webster, an executive officer and director of the AIC; and Robinson and Baldwin, president and general manager respectively of the AIC's subsidiary, the American International Shipbuilding Corporation, which was as much on the skillet as its parent.

Connick declared confidently, "Hog Island will not fail but will equal this year in ship production the work accomplished by all the ship building plants of the country last year." He predicted that 25 completed ships would be turned over to the EFC on November 1, 1918, another 25 on December 15, 1918, fifty more on April 1, 1919 and a whopping 70 more on July 15, 1919, a total of 170 ships. These breezy promises evoked no sardonic expressions of doubt, strangely enough. Connick went off on an

extended description of his past achievements prior to involvement with the Hog Island operation, which he began to phrase in poetic terms, but was interrupted by Senator Nelson's query, "You didn't propose to invest one penny of your own money in it, though?" Connick retorted, "We were going to invest our reputations, which, when you lose them, you can't get back, and you can get your money back." "That's the way the Lord gets even with sinners sometimes," replied the Senator from Minnesota. Connick continued on his bravura rhetorical display, asserting that Hog Island was the biggest construction job of all time; "it makes the Suez Canal and the Panama Canal look comparatively small." When quizzed about the original construction estimate for Hog Island, Connick replied casually, "it wasn't worth the paper it was written on." As for new information, about all that came out of the testimony of this quartet of highly paid officer-spokesmen was the relation that a big rush of workers had descended upon them when it was learned that Hog Island shipyard volunteers would be exempt from the military draft.⁴⁵

In the meantime, Hog Island rumbled along in its ponderous course. Eight million dollars of the \$50 million appropriated by Congress for the EFC's shipyard worker housing program went to Hog Island, it being learned that the Government would now purchase more land and build houses on it. And part of the reason for the continuation of this immense operation grew out of the continuous alarms over the damage being done to the 'Allied' merchant marine by German submarines and the need to replace it, even though Hog Island was still months away from launching its first ship. A report late in February, 1918 that there was a large number of English merchant ships lying about inactive in New York Harbor was responded to with the explanation that this was just a "temporary surplus."⁴⁶ What tended to be the official position, and the most generally believed, resulted from the publication of the figures of the British Admiralty on March 21, 1918 that the U-Boats were sinking ships twice as fast as the 'Allied' shipyards could build them. Sir Eric Geddes, First Lord of the Admiralty, hardly needed to remind the loyal citizenry of the ex-colonies of the continuing need of the "bridge of ships to France." The sinking of the British liner *Tuscania* in February, with the loss of many American soldiers aboard, reminded Americans that most of their soldiers were being transported to the war zones of Europe in British ships, and the massive efforts of the Shipping Board to the contrary, this situation continued to the end of the war, large sums being paid to Britain to provide the passage to France for the American Expeditionary Force.

On March 20, 1918 the AIC published their annual report for 1917, which was almost entirely devoted to the work of their AISC subsidiary, the Hog Island contract, and the building of the shipyard. The report claimed that the total effort of the AISC would "involve something over \$200,000,000" and that it "must be completed in twenty two and a half months." The AIC's gross income for 1917 was reported as \$6,830,394; its net was \$3,746,122 and the sum paid out in dividends \$1,574,175.47 A little over a week later, Admiral Bowles, now assistant general manager of the EFC, announced that the fifth keel had been laid at Hog Island and that there was a shortage of 50,000 tons of steel plate holding up production, concluding with a request for 350 regular troops to guard the premises against spies.⁴⁸

And still the optimistic reports poured out of Hog Island.⁴⁹ In a speech on June 14, 1918 before the National Electric Light Association meeting at Atlantic City, N.J., W. H. Blood, Jr., another official of the AISC, predicted that "A ship every other day will be launched at the Hog Island yard before the end of the summer." Though one might wink a bit at this vaticination, his other pronouncement, that the Commerce Committee and the Justice Department had "no evidence of profiteering or fraud or extravagance of any kind," was essentially what the Attorney General's office was to conclude in their report to Woodrow Wilson in September. Looking ahead to the Walsh Committee's findings in 1920-21 during their examination of the Shipping Board, however, it is quite possible that a government

investigator could have been totally lost in the fantastic maze of Hog Island accounts for a lifetime and never have emerged to report on what he found.

A day to remember at Hog Island was August 5, 1918. It was the occasion of the launching of the first ship produced there, with President and Mrs. Woodrow Wilson and a cheering crowd of 100,000 present. Mrs. Wilson christened the vessel the Quistconck, an Indian word meaning "hog's place." Of course, this ship was only 65% riveted, according to the Emergency Fleet Corporation's general manager, Piez, and much additional work had to be done on it before it was turned over to the Shipping Board. This did not happen until after November 11, by which time the war was over and the emergency which had called Hog Island into existence no longer existed.⁵⁰ There was not much doubt but that the entire affair had been beautifully stage-managed, though it was normal procedure to launch ships well before final work and fitting had been completed. Hiram Johnson was of the view that the affair was a propaganda pageant.⁵¹ The second Hog Islander to hit the water was the Saccarappa, on December 22, with the war now over more than 40 days.

The sound of gunfire ended on November 11, 1918 and the principal noise to be heard in the land for some time thereafter was that associated with the sound of the Government tearing up its contracts for all categories of war supplies with thousands of American firms. But through all this blizzard of scraps of paper the Hog Island enterprise of the American International Corporation forged along serenely, grinding out ships in steady succession, though their ultimate fate grew more clouded and precarious by the month. The Shipping Board continued to issue grandiose proclamations which announced that the USA would soon have the biggest merchant marine in the world and would never retreat from such a position, and that Hog Island, now the biggest shipbuilding facility in the world, would remain in that status indefinitely. What continued to puzzle an increasingly larger number of people was the steady expansion of production only after the war which was used to justify it was over.

Though the AISC was unable to furnish the EFC a single completed ship before the end of the World War, the end of hostilities seemed to be a stirring stimulus to turn out in peacetime what they had been utterly unable to deliver in wartime. Like the sorcerer's apprentice, the Hog Island yards in 1919 began to launch ships in a frenzy, once as many as seven in a single day. These were still the 8000 ton transports, for which there was no use at all since there no longer existed a need to ship soldiers overseas, and the 7500 ton cargo vessels, which the management at Hog Island grew misty eyed over in describing their properties to the nation. The hyperbole suggested ships matching those of the Cunard Line, but which in the low keyed view of Lloyds Register were similar mainly to tramp steamers.

Despite the carnival atmosphere attending the launching of the Quistconck, the realities of the situation in the late summer of 1918 evoked a coming to terms with the obvious. The Shipping Board's second annual report revealed that the various shipyards of the nation had delivered 287 completed ships as of August 31, none of them from Hog Island.⁵² And the EFC's perennially optimistic booster, general manager Piez, in a press report from Philadelphia on September 7, finally admitted, "It doesn't look possible that Hog Island will fulfill its schedule of forty-eight ships delivered this year." With only one unfinished ship sitting in the Delaware, this did not seem to be too extreme an evaluation of the situation.

Hog Island's day in the public eye was not over yet. When the management launched the Quistconck, spending \$38,000 of government funds doing so, with the President and his wife as guests of honor, no one saw any significance in his presence, dignifying the gala proceedings, as related to the subsequent release of the Department of Justice report on its investigation of Hog island, which he had initiated. It did not take occult powers to conclude that Wilson hardly would have taken such a prominent part in the ceremonial send-off to Hog Island's first ship if he was contemplating publication of a drastic criticism of the entire enterprise.

The report was actually submitted to him the third week of September. News leaked out October 30 that he was still sitting on it, and speculation grew as to why it was not being released.⁵³ It finally was made public on December 20, and was the work not of Attorney General Gregory, as had been figured out from the start, but the previously mentioned assistants, Todd and Hyman, with the assistance of two naval technical advisers, Archibald L. Parsons and S. M. Henry. All the sleuthing had been done between February and July, which really was barely time enough to gauge the dimensions of the problem. The report contained little that was not already known, and by almost any standards amounted to a sedate and dignified whitewash. Its hastiness and superficiality was what one might expect from a probe conducted by so few investigators into something as vast and complicated as Hog Island. But the result was the kind the country has become accustomed to when conducted by an Administration trying to protect its appointees and collaborators. The substance of it was contained in the brief preliminary press report: "The investigators find at Hog Island absolutely no indication of criminality; no fraud or secret profits on the part of the officials of either the agent (the AIC) or the (Emergency) Fleet Corporation has been established." Speculation by the New York Times on Wilson's timing in the release of the report led the editors to conclude that the Shipping Board was responsible for requesting the delay, though what was gained by waiting three months was not clear.⁵⁴

Before leaving the report, it is worth noting that it did contain a few criticisms. It was stressed that there was no system of cost accounting by the contractors even though the contract called for "a detailed plant cost account." (Lacking this, critics wondered how the investigators could ever have known anything at all as to whether there had been any graft or fraud, about which they were so confident and definite.) It was further noted as an example of unbelievable laxity that the EFC had paid \$10 million in advance for lumber for Hog Island, but that there was no effort whatever made by the contractors to prove whether this material had ever been delivered. The naval technical people noted that the cost per ship was double the cost at Bristol, and four times that at Newark. They also observed that though the cost of building the shipyard had run up from \$27 to \$55 million, there was no observable expansion of the plant and facilities to show for it.⁵⁵ (A similar situation was pointed out later when the cost of each Hog Island ship had escalated from \$1 million to \$2 million each, that the resulting vessel was no bigger, no more powerful nor any better fitted than had been originally contemplated.)

Of course the President of the American International Corporation, Stone, was delighted with the Department of Justice's report on Hog Island; it was also hailed by Charles M. Schwab, chairman of the board of Bethlehem Steel and the first head of the Emergency Fleet Corporation. Schwab had bitterly assailed critics of the venture, and now felt that he and the management had been completely vindicated. Stone reiterated his declaration that Hog Island was one of the great engineering feats of all time and a monument to American efficiency, even though Senator Harding, as warm a friend as could be found in the Senate, had remarked the day before Stone's self-praise that Hog Island costs per ton exceeded every other shipyard in the country.

A look at the national press comment on the Administration's report is in order before going on. The Literary Digest,⁵⁶ commenting on the conflict between the report and the facts, remarked, "Nearly thirty million dollars seem to have been sunk in the mud of Hog Island without leaving a trace;" "To the men responsible, 'the question of cost was of minor importance,' but to others perhaps less used to spending millions there seemed to be something scandalous about the rapidity with which the money was going for so many months with so little to show for it." The Baltimore News thought enough had been said when it was admitted that "waste and extravagance were raised to the nth power," which the Charleston (W.Va.) Mail agreed with, remarking further that "carelessness with other people's money should not be a matter of light consideration." The Newark News believed that continued public curiosity over the gross waste would spread to why only two ships had come out of this maelstrom of

activity. The New York TribuneGlobe, the Philadelphia PressInquirer, though Republican oriented, went along with the report. They considered it a well-merited vindication of Hog Island, and that after all it was merely a matter of "poor guesswork in making estimates" and that the "extreme free-handedness in spending public funds" should be forgotten "in our gratitude for the great engineering accomplishments at Hog Island."

The Tribune had been the most persistent newspaper defender of the Hog Island entrepreneurs against their detractors prior to the investigation, and went even further than the report in maintaining that "the whole work was under the closest governmental supervision, and that all contracts, purchases and payments had to have the Government's approval." Perhaps the description of Hog Island in its first six months of operation as an 'organized riot,' 'tangled mass' and 'state of chaos' can be better understood in the light of this informational contribution of the Tribune. The Indianapolis Star conceded that at Hog Island, "money undoubtedly was squandered, but if it was not maliciously wasted or deliberately stolen, the people will not be seriously concerned about the cost to them," a perspicacious commentary on the perennial frivolousness of the general public toward large scale looting of taxed funds. To the Brooklyn Eagle Hog Island was a "monumental illustration" of the "demoralizing effect of the 'cost-plus' system on all considerations of economy. Probably the least enchanted of all the newspapers by the Department of Justice report was the New York Times, which thought its publication called for a much longer and deeper investigation to be sustained by the Senate Commerce Committee, and that there be no settlement of the matter until they "had gone to the bottom of this extraordinary business and elicited the last bit of evidence bearing upon the responsibility of the Hog Island builders for presenting such a huge bill to the Government." Stone responded with a long letter to the editors complaining of their severe criticism, to which the editors appended a half column commentary at the foot of the letter reiterating the conflicts between Stone's own admissions and the report, quoting further from the report that the American International Shipbuilding Corporation had "never attempted to super-vise either its own work or the work of its subcontractors from the point of view of what the work was costing."⁵⁷

But the costs had not ended, and Hog Island was still expanding. And while the investigating was going on, there continued to be some agitation for making it a wholly government owned plant, and keeping it operating. Senator Fletcher of Florida, a member of the Minority of the Commerce Committee, was a persistent exponent of this policy. All that needed to be done was for the EFC to exercise its option and buy the land on which the shipyard rested from the AIC, for which the latter had paid \$1,760,000 and on which the EFC was paying 6 % rental annually. In an announcement on November 27, 1918, the EFC declared its intention of doing just that, and becoming sole owner. By now \$60 million had been spent on the shipyard alone. In testimony before the Commerce Committee on December 19, Piez raised the figure. He estimated that \$63,300,000 now had been spent and it would be still another 60 days before the shipyard was completed. On January 2, 1919 Piez testified again, admitting that the combined Hog Island, Bristol and Newark yards, the three largest in the land still operating, had turned over only 4 completed ships to the EFC, and that the Harriman firm running Bristol had not yet delivered a ship.⁵⁸ It was at about this stage of affairs that the Senate Commerce Committee concluded its investigation on January 30, 1919, after listening to another defense of Hog Island by the new president of the AIC, Matthew C. Brush, ex- president of a Boston elevated railroad, who had been in his new post just over a month, at a salary of \$40,000.⁵⁹

It was obvious that with the war over, a different rationale would have to be found for continuing Hog Island, and there were powerful influences shoring up such a course of action. The installation in the first few months of 1919 was going full blast, with a labor force of 29,000-mostly from Philadelphia, and a weekly payroll now of at least \$800,000. A truckload of supplies was arriving from Philadelphia averaging every four minutes of the day. It was obvious that a large number of what might be called

private enterprises were totally involved in this gigantic piece of national socialism. It was not surprising then to see a tidal wave of special pleading sweep out from the installation and its Philadelphia auxiliaries, some of them a little humorous, as in the case of the declaration in the Philadelphia North American, "Hog Island performed a great part in insuring victory in the war." But there was no hyperbole in the observation of the Manufacturer's Record of Baltimore when it announced in June, 1919 that Hog Island was "the greatest shipyard in the world," even if its main product was 7500 ton cargo ships.

Grandiose predictions of even greater things to come emerged from many quarters. Howard Coonley, a vice president of the Emergency Fleet Corporation, predicted that Philadelphia would be the biggest port in the United States by the end of 1920, and an Englishman, J. W. Isherwood, writing in the Liverpool, England Journal of Commerce, foresaw American merchant ship tonnage dominating the world by 1922. Hog Island was serving still another function by mid-1919, as an unemployment blotter for returned servicemen from France. The EFC was deliberately initiating this policy, placing thousands of veterans in the yards along the Delaware. 60

Other and higher Administration figures lent their prestige to the ongoing program. The most spectacular occasion of combined efforts took place on May 30, 1919 when Secretary of the Navy Daniels delivered a stirring Memorial Day address at 1: 15 p. m. at Way 28 of Hog Island shortly after shipyard workers launched five ships in a 50 minute period. A special dispatch from Philadelphia glowed with pride, announcing that "50,000 visitors cheered in rivalry with a hundred sirens as the ships touched the Delaware." The hulls of these were nearly complete and the fitting was about 65% finished. One of these was named the Nedmac (Camden backward, the city just across the river), and another the Pipestone, sponsored by Miss Lois Gaither, acclaimed as "the most popular girl in Pipestone County, Minnesota." Thirty-four A-type Hog Islanders had now been launched; the 35th hit the Delaware on June 7.⁶¹

In the course of his patriotic speech Secretary Daniels had promised that Hog Island would become "the center of the greatest shipbuilding district known," and events gave every indication that the Administration was not just gassing the citizenry with idle talk on the matter. But this involved some choices on priorities. To continue expanding Hog Island meant contractions in the ship construction program elsewhere. Cancellations of government contracts by the Shipping Board were accelerated on the West Coast, at such a pace that a formal complaint was lodged by Harrison Robinson, an agent for 18 Pacific shipyards, who in the course of his resentful protest maintained that West Coast costs were \$199 a ton compared to \$256 a ton at Hog Island. Chairman Hurley in his reply on behalf of the USSB questioned Robinson's figures, but hastened to add that by this he had intended "no defense of Hog Island, as it is simply on our hands."⁶²

This was not a very flattering estimate of the situation, but an example of the conflicts existing in the complicated stew of private and public elements involved in the shipbuilding scene at that moment. To make things worse it was disclosed late in June, 1919 that the Shipping Board was already selling recently made steel cargo carriers to private shipping lines for as much as \$210,000 below cost, a policy sharply questioned by Senator Fletcher. The Florida senator was still doggedly clinging to his view that the government should exercise its option to buy out the Hog Island, Bristol and Newark yards for the cost of the land on which they stood, and run them as a single combined federal operation. By this time the Shipping Board announced that the cost of the Hog Island shipyard had now risen to \$66,000,000 and presumably was finished.⁶³

Hog Island in the meantime continued to be the scene of ships rumbling down the ways into the Delaware. The 50th ship delivered to the Shipping Board by the AISC, allegedly a world's record for a single yard, the Nobles, was noted on October 8, 1919. Two and a half weeks later the latest in a line of

dignitaries visited Hog Island, King Albert of Belgium, one of the most publicized of all politicians of the World War, on the basis of a legendary Belgian delay of German armies about to invade France in 1914, which never happened.⁶⁴ Albert's afternoon at the shipyard was part of a state visit to the USA. Greeted by immense crowds along Philadelphia streets, as he was driven first to Independence Hall, and then out to the ways to christen the Cantigny with the traditional bottle of champagne, the Belgian King indulged in the customary effusive compliments on a service never rendered; "The stupendous task achieved here after the United States entered the war is a splendid performance, to the credit of the American naval engineers." As usual nothing was said to the effect that not a single ship came from Hog Island during the war.⁶⁵

Things were beginning to happen internationally as well as domestically, however, which were to bring about a relatively rapid curtailment and shutdown of Hog Island. With the return of relative peace the shipyards elsewhere returned to production of ships designed for the new conditions of commerce: faster, somewhat larger, and more economical to run. By the end of 1919 British tonnage had already exceeded that of the US again, and there was the latest entry to the marine steeplechase, Japan, becoming a major contender in the tonnage statistics, though its rise to No. 1 was to be delayed by another war.

Under these circumstances, some changed thinking began to emerge on the record. A House of Representatives vote of 238-8 on November 8, 1919 authorized the Shipping Board to sell off its wartime-built fleet to private persons of American citizenship. But in keeping the Shipping Board alive, the House further directed it to function as a regulatory body, and most ominous of all for Hog Island enthusiasts, to curtail sharply further shipbuilding under government authorization and at government expense, and to dispose of its production facilities at "prevailing market prices" during this tapering-off period. On this same day the Emergency Fleet Corporation announced its cancellation of contracts with the AISC covering 23 troop and cargo ships scheduled to be built at Hog Island. Cancellations in Eastern yards totaled 58, including those cut back at the Submarine Boat Corporation's Newark facilities. Announcement came of a cancellation of an additional 35, with work on still another 35 suspended, permission being extended to work on just 12.⁶⁶

The dimensions of the disaster to the economy of Philadelphia and vicinity were plainly seen, and bitter criticism of these cancellations came from Philadelphia shipping men, but there was no evidence that there was anyone interested in continuing this program as purely private enterprise. When asked to explain this sudden change of direction at Hog Island, the new vice president and general manager of the EFC, J. L. Ackerson, replied that Hog Island ships were "not advantageous to peace time commerce." Part of this must have been discerned from perusing the 1919 annual report of Lloyd's Register, which discussed the switch in British yards to much larger and more high powered passenger and cargo vessels by far than what were still emerging from American ways and still being built according to 1917 specifications. By this time 74 vessels had been launched at Hog Island, totaling three fifths of a million deadweight tons.⁶⁷

The rumor had been going around that the Shipping Board was about to buy out the American International Shipbuilding Corporation so long that when the agreement was finally concluded and announced on February 14, 1920 it was almost an anti-climax. The USSB took title to the land on which the Hog Island shipyard stood, and according to the new chairman, John Barton Payne, approximately \$4,000,000 was involved. In exercising its option to buy the land for \$1,700,000, the Shipping Board also paid the AISC \$2 million as consolation for cancelling contracts for 57 scheduled ships as well as an extra allowance of \$79,000 apiece for 12 vessels under construction. It was further stipulated that the AISC was to operate the yards until these were finished.⁶⁸

Less than three weeks later the Shipping Board exploded another bomb, in announcing that it was ready to sell Hog Island, along with the steel plates and engines for sixteen ships. This news was released on March 3 along with announcement that Hog Island had launched its 89th and 90th ships, the Colthrup and the Comerant, both named by Mrs. Woodrow Wilson.⁶⁹ But the President took no part in the festivities this time; he was by now an invalid in Washington following his collapse on a train in Pueblo, Colorado September 25, 1919 while on his famous Western speaking tour trying to sell his fellow citizens on the ineffable verities embalmed within the League of Nations.

As of this moment in March, 1920 Hog Island was at its peak of physical expansion. On the 27th it launched its 98th ship, and its output since August 5, 1918 amounted to 20% of the total tonnage of steel ships produced in the United States. It was now said to occupy 927 acres and a 2 1/4 mile frontage on the Delaware, the land covered by 82 miles of railroad track, and with 36 warehouses encompassing 103 acres of floor space. Among the Shipping Board statistics released was that 60 million rivets had been driven into its nearly 100 ships so far produced.⁷⁰

On July 8 President Brush of the AISC announced that seven ships would be launched in a 50 minute period on the 21st, and three more were sent down the ways on August 24, but the whistle was about to be blown on Hog Island. On August 19, 1920 the Supply and Sales Division of the Emergency Fleet Corporation proclaimed that they would begin to accept bids for the purchase of the entire Hog Island properties and that the bidding period would end September 20.

By the time the results of the bidding were publicized, on October 30, 1920 the Shipping Board had acquired still another head man, Rear Admiral W. S. Benson. There was a distinct tone of regret in his information that only two bids had been received, both of which had been rejected outright. The highest was \$4,268,750 from the New Jersey Machinery Exchange of Newark, and \$4,000,000 from the Barde Brothers Steel Corporation of New York City, which turned out to be a contractor specializing in selling steel scrap. Adm. Benson was obviously disappointed that an enterprise which he now declared had cost \$70 million alone to build could excite such restrained interest.⁷¹ In the meantime it had launched 4 more ships, and there were still 7,000 employed working on the remaining ten.

On November 1, Adm. Benson flatly declared that Hog Island would be closed if it were not sold by February 1, 1921, which news also carried the understanding that it would have to draw a much bigger price tag than had been put on it thus far. Apparently J. N. Barde of the Barde Brothers Corp. was somewhat abashed to see his bid obtain such publicity, and on November 11 raised it to \$10 million, but it was again rejected.⁷²

By this date however all hell had broken loose not only at Hog Island but in the entire shipbuilding and ship contracting business connected with the United States Shipping Board. When the Wilson Administration's Justice Department had issued their bland and casual evasiveness in the guise of a report on Hog Island, it had incensed several senators, one of whom, Senator Nelson of Minnesota, had called for an investigation of the entire Shipping Board and its varied enterprises. This had finally eventuated. The House of Representatives by a vote of 287-0, hardly a partisan gesture, had voted into existence the House of Representatives Select Committee on United States Shipping Board Operations, under the chairmanship of Cong. Joseph Walsh of Massachusetts. It began its hearings in New York City into the varied "war baby" ship building, ship supply, operating and subcontracting firms, on November 10, 1920, and was sensational front page news the next day,⁷³ ironically, the second anniversary of the end of the World War and the same day the first session of the League of Nations convened in Geneva, Switzerland.

In many ways it was amazing that such an investigation should take place at such a time; it suggests the presence of more residual common sense than one is inclined to expect to see in view of what was going on. The emotionalism aroused by the most ferocious propaganda to that time was still very high, and the

patriotic pollen was still descending upon everything.* The American and British press still boiled with Germanophobe sallies and taunts, a collection of which might rival the Great Books if issued in that form. Patriotic effusions of the wildest and most frenetic sort were still the vogue, even though the Red Scare was on, and Eastern and Central Europe still a nightmare. The newspapers shimmered with news of the immense war front which still raged in Russia and adjoining lands. Incredible spectacles were going on in England, France and the USA celebrating their 'victory', punctuated by impressive halts of all activity at 11 a.m. on November 11 to celebrate the "Remembrance" or "Armistice." The elements hailing the fallen soldiers of the 'Allies' were in no mood to tolerate the slightest show of non-participation; in London a headquarters of women's rights suffragettes associated with the Pankhurst sisters was turned into a shambles and the women on the premises badly beaten up for allegedly showing 'disrespect' during the period of official silence.

It was hard to believe that such proceedings as the Walsh Committee investigation could take place in such hyperthyroid times. But after all there was more to the war than gunfire, hate, and patriotic sentiment: there was also money. The Internal Revenue Bureau (as the IRS was known at that time) announced preliminary figures indicating there were 20,000 millionaires in the USA in 1920⁷⁴ though they did not indicate how many had become so since 1914 (Senator Henry F. Ashurst of Arizona in a speech in the Senate on August 21, 1940 adjusted the figures somewhat, asserting that there had been 23,000 millionaires created here during World War One).⁷⁵ There is nothing anywhere near war as an instrument for destroying wealth, and for rearranging who owns what survives destruction.

The initiation of the House investigation of the Shipping Board revealed an interesting "buddy system" involving the chief officialdom of the SB and the industrial world. Though the chairman of the Committee was a Republican and the bureaucrats and bureaucracy under fire the wards of a Democratic Administration, the principal attackers of the investigation were Republicans. The Illinois Manufacturers' Association filed a blistering telegram denouncing the investigation and defending the officials of the Emergency Fleet Corporation and its parent, the United States Shipping Board. It ignored the unanimous decision of the House to investigate the entire operation. Front paged in the New York Times in a special box, this protest was supported by fierce condemnations of the House action by ex-EFC and USSB magnates Piez and Schwab.⁷⁶ They were especially sensitive about charges of a billion dollar graft⁷⁷ among shipbuilders and EFC officials on the West Coast.

But the hearings started according to schedule. The entire first day was spent listening to the testimony of J. F. Richardson, assistant clerk and statistician, whose revelations were supported by A. M. Fisher, chief clerk and statistician of the Committee. What they had to say stirred the Times into posting an alarmed editorial, "The Shipping Board Scandal," in which they concluded, "The Walsh Committee must stay in the furrow of investigation until all the rascality is turned up and all the inefficiency exposed." ⁷⁸

Despite the blustering of the past top brass of the government ship building agencies, the roof collapsed on them as a consequence of the supporting testimony of two of their own. Following the all day stand of Richardson, explaining the content of his report filed with the Committee, on November 10, the next day Commander Abner B. Clement, executive assistant to then SB chief executive Admiral Benson, "admitted substantially all the charges" Richardson had made. Commander Clement further admitted that the EFC accounts were in such frightful shape that the Controller's Department of the EFC had had to hire 4,000 additional auditors and accountants at an additional labor cost annually of \$8,000,000 to try to straighten out the records, but at that moment they had failed to make any progress; as Commander Clement put it, they were all "still entangled in the financial maze."⁷⁹

The most destructive admissions however came a week later as a consequence of additional questioning of another former SB managerial potentate. This is how the Times front-paged his testimony on November 18, 1920:

Losses incurred by the United States Shipping Board, through the utter collapse of its accounting system, through inefficiency, through overcharges, through amortization and all other causes, were estimated at \$2,000,000,000 yesterday by Martin J. Gillen, former special executive assistant to John Barton Payne, former chairman of the board. Mr. Gillen told an amazing story of colossal finance, of official incompetency, of loose accountings story of hundreds of millions of dollars 'floating around the country,' no one seeming to know just where; of the unrecorded deposit in banks of other hundreds of millions; of millions upon millions being lost in overpayments, citing in this connection an overpayment of \$23,000,000 on one claim of \$34,500,000; of placing in the hands of operators the enormous sum of \$170,000,000 of which not a single record was kept-not even the names of the operators; of allowing profits averaging 57 1/2 per cent to owners of ships, of missing vouchers and of wholesale waste.

When Gillen followed a day of recounting this spectacular narrative of compound and profound misappropriation and mishandling of billions of dollars by cheerfully concluding that "There is no fraud or evidence of fraud in the office of the Treasurer of the Emergency Fleet Corporation of the Shipping Board," Rep. Walsh gagged a bit. When he asked Gillen how, in view of the indescribable shambles the EFC records were in, and in view of the conditions he had spent all day recounting, he could possibly know anything about it, Gillen admitted that "it would be almost impossible to find out" whether there had been any fraud. The Times was not in doubt on this issue at all. The next day's editorial flatly declared, "There can be no doubt that there were frauds, for contractors with an itching palm found that they were dealing with innocents, or, in some cases, with rogues like themselves."⁸⁰

To add insult to injury, Gillen returned to the stand the next day to go on for some time in detailing how the USSB had been "bled white" by the "cost plus" method of contract assignments, in an incredible discourse which filled another four full columns of the Times in still another banner headline front page story.

Gillen admitted the Shipping Board never had a balance sheet which even showed what funds it possessed or where they were located."⁸¹ As of November 1, 1920 he determined that \$3,800,000,000 had been expended by the USSB, but that only \$2,700,000,000 could be accounted for by vouchers submitted to the Treasury Department. A special force of 900 auditors was at work on the bank accounts of firms doing business with the Emergency Fleet Corporation, trying to trace in reverse to see where disbursements had been made. Gillen revealed that the EFC operated independently of the USSB treasurer.⁸² Among the stream of incredible anecdotes contributed by witnesses was one by a USSB special investigator, William R. Morton, who declared that on one occasion the sum of \$623,000 was paid twice for the same bill, once to the Seattle firm which submitted it, and again to the firm which absorbed the first one. ⁸³

There were instances when the grossness of the transaction aroused even the torpid watch dogs of the USSB, however. On the last day of November, 1920 there was testimony that in a case involving repairs of older ships commandeered by the USSB but not built by them, a bill had been submitted for \$1,500,000 but that led to the Shipping Board's auditors' analysis of the charge, with the result that the bill was reduced to \$337,000.⁸⁴

The personality sensation of the Walsh Committee's investigation involved a small sum of money by comparison with the vast totals the testifying officialdom were throwing around, but the case drew attention because of the special relationship involved. On November 20, Tucker K. Sands of the

Downey Shipbuilding Co. testified that the treasurer of the USSB, R. Wilmer Bolling, the brother-in-law of President Wilson, had accepted \$40,000 in return for using his influence in aiding the Downey Co. to obtain contracts.⁸⁵ A John T. Meehan testified six days later that he saw Bolling take the money from Sands.⁸⁶ This led to a furious and most rancorous series of appearances, including Bolling himself on November 21 and 30, on which occasions he denied taking any money from Sands.⁸⁷ He was supported by witnesses named John Cranor and Leslie Sisler, the latter the former secretary of the USSB.⁸⁸ This matter was not cleared up until late the following February, just as the Walsh Committee was winding up its investigation. Admiral Benson cleared Bolling of the graft charges on February 17, 1921,⁸⁹ and the Committee blessed his clearance of Bolling by doing the same two days later.⁹⁰ The testimony of Sands and Meehan vanished from the record, and somehow or other there were no contempt charges or any other repercussions of this strange incident. The whitewash had presumably been applied so thickly that it became difficult to see that there had been any incident to begin with, though press coverage was ample and sensational in context.

In all this fantastic tale, which was sufficient to tax the mental apparatus of even the most hardened witness of corruption throughout the ages, Hog Island came up only incidentally. But in view of the preposterous evasive varnishing disguised as a report filed two years earlier by Wilson's Attorney General, the new revelations made the substance of the earlier investigation appear to have been the most trivial and frivolous tinkering, in modern argot, a ridiculous "put-on" of the Senate Commerce Committee and all other serious and honest efforts to learn the facts.

Attempts at self-exculpatory exegesis by the current SB chairman, Admiral Benson, were not too successful. When he revealed that the SB had spent \$3 1/2 billion and obtained for that sum 1600 vessels, this averaged out to almost \$2,200,000 per ship,⁹¹ double the estimated cost of such ships, using just the Hog Island cost operation as the divider. Admiral Benson further tried to impress critics with other figures, boasting that the SB had supervised the training of 300,000 workers in its shipyards, though additional testimony before the Walsh Committee suggested that some of them had not learned very much about ship construction.

A bitter note with humorous overtones was added to the situation by the testimony of one Thomas A. Purtell, a former Shipping Board hull inspector who had been twice fired for persisting in Ming reports on things his superiors apparently did not want to know. Purtell especially singled out work on East Coast shipyards, and Port Newark's Submarine Boat works in particular, as being gravely defective. Some work had been so bad, he said, that he could push out the rivets with his fingers. On one occasion he had even mailed a box of the defective rivets to President Wilson. Of the riveters, Purtell declared, "They knew no more about driving a rivet than a pig knows about playing a jew's harp," and he further commented that he could not have been induced to spend the night aboard a Port Newark ship unless it had been tied alongside a pier.⁹² Hog Island came out well in Purtell's testimony, however, a bit of consolation. Purtell charged that there was defective work in all East coast SB yards except Hog Island.

This did place some burden on his credibility on this point; two weeks later a federal grand jury in Philadelphia returned indictments for conspiracy to defraud against five men who were charged with supplying "inferior materials" in the sum of \$30,000,000 to the USSB at Hog Island,⁹³ a sum large enough to generate respect even among the inured-to-inflation people of two generations later. Those who compared his testimony and this indictment were faced with the requirement that they believe the ship craftsmen at Hog Island were indeed of an ingenious mold, able to fabricate superior vessels from defective components. But, somehow or other, the thirty million dollars and the people who were charged with misappropriating this immense amount in exchange for spurious products also managed to disappear in a sea of whitewash.

Although the sensational Shipping Board scandal is a separate story,⁹⁴ and is pertinent here mainly as to how it reflects on the torturous and indecipherable accounting system it conducted, revealing at the same time the impossibility of sorting out what happened at Hog Island, subsequent inquiry indicated that the state of affairs in November, 1920 was actually twice as bad. Where Gillen and other witnesses admitted to lapses which amounted to \$2 billion, Albert D. Lasker, who assumed the direction of the Shipping Board under President Harding, on July 16, 1921 declared that the total government 'loss' on the ship construction, operation and leasing activities during the World War came to \$4,000,000,000--double the figure originally thought. ⁹⁵ But apparently everyone involved agreed to let bygones be bygones, and a bipartisan attitude of myopia and forgetfulness attended the end of the Shipping Board investigation. Lasker also announced that no one in particular was to blame, and that the four billion dollars could be charged off to "incompetence," while he was simultaneously telling the nation that Shipping Board losses for the fiscal year which had just ended on July 1, 1921 amounted to an additional \$280,000,000.⁹⁶

The week before Christmas of 1920, the work force at Hog Island had shrunk to 3500 men, all that remained of the more than 36,000 employed there at its peak.⁹⁷ They were finishing the last four ships, "B" class transports, including two which had been named the Marne and the Aisne, French rivers which had been famous Western Front battle sites. The work was supposed to be finished January 18, 1921, as the entire plant was about to be turned over to the USSB on February 1. On January 22, with numerous business and government luminaries present, Hog Island sent its last vessel, the Aisne, down the way and out on a trial run off the Delaware Capes. With its delivery to the EFC on the 27th, the shipbuilding program of the American International Shipbuilding Corporation came to an end and the transfer of the entire premises to the USSB became a fact according to schedule.⁹⁸ It had launched 122 ships since August 5, 1918 with a total of almost a million deadweight tons.

What happened to Hog island?

The "Biggest War Baby" drifted out of the newspapers and out of the country's memory for almost a decade, and was finally sold to the city of Philadelphia in April of 1930 for \$3,000,000,⁹⁹ a little less than twice what the Shipping Board paid for the land alone in 1920. The latter heaved a sigh of relief and declared itself "glad to be rid of another white elephant. " It was scheduled to be the terminus of a major air, rail and water port, with most of the acreage occupied by the shipyard ways destined to be a 494-acre airport. The Philadelphia International Airport occupies the site of wartime Hog Island today, but it took another decade before this began to be realized. The last of the many scores of buildings was not demolished until the fall of 1940¹⁰⁰ and a million dollars was spent by the city to raise the level of the land ten feet. This was achieved by dredging 3,000,000 yards of fill from the Delaware River bottom, which was spread over the premises before the airport could be built. As for the Hog Islanders, these sturdy but unhandsome ships ended up being sold mainly to private shipping lines for as little as \$35,000 each, after the 122 vessels had cost at least \$235,000,000 to build. Most of the "A" ships and seven of the "B" type became the property of the American Export, Black Diamond, American Scantic and Lykes Brothers merchant lines. The latter company owned more of them than any other shipping firm, including the first one, the Quistconck, which was still on freight service between Gulf Coast and Mediterranean ports late in 1937, with its Chief Engineer from 1918, Charles B. Brown, still part of the crew. ¹⁰¹ In 1937, 99 of the 122 ships were still plodding across the world's oceans on freight runs, while five of them were being used by the Army and Navy. Four others had burned, two had sunk and another wrecked. The fate of the \$70 million worth of ways, scaffolding, partially built ships, railroad

and the numerous buildings, warehouses, hospitals and water and sewer system has not been documented, and their disposal would undoubtedly make a sensational story in itself.

In the liberal-monopolized textbook-writing industry in the almost 60 years since the end of the First World War we have been doused with oceans of stale indignation and feigned moralization about the few million dollars involved in the scandals of the Harding Administration. The billions involved in the defense and war construction scandals of the preceding Wilson Administration have disappeared from the story and the broad general record without a trace. It is a very rare experience to encounter the name "Hog Island" in a present day chronicle of the recent American past. 102

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